

Illinois Administrative Code

TITLE 50: INSURANCE

CHAPTER I: DEPARTMENT OF INSURANCE

PART 2302: REQUIRED PROCEDURES FOR GROUP INLAND MARINE INSURANCE

PART 2302

Section

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EXHIBIT A Illinois Departmental Regulations

AUTHORITY: Implementing Section 400.1 and authorized by Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, pars. 1012.1 and 1013).

SOURCE: Filed June 18, 1976, effective July 1, 1976; amended at 5 Ill. Reg. 6441, effective June 8, 1981; codified at 6 Ill. Reg. 13332.

2302.10 Authority

This rule is promulgated by the Director of Insurance pursuant to authority contained in Section 401 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, par. 1013) which empowers the Director "...to make reasonable rules and regulations as may be necessary for making effective..." insurance laws of the State of Illinois. This Rule implements Section 400.1 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, par. 1012.1).

2302.20 Purpose and Scope

- a) The purpose of this Rule is to establish a uniform procedure under which all companies must:
 - 1) File with and secure approval of the Director of Insurance for Group Inland Marine Insurance forms before their use in Illinois;
 - 2) File with the Director of Insurance, Group Inland Marine Insurance rules and rates before their use in Illinois.
- b) However, such filing shall be required only for insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession.

2302.30 Definitions

"Company" as used in this Rule means any entity which is defined as a "company" in Section 2 of the Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, par. 614) and which issues or delivers in the State of Illinois any policy, contract or certificate of Group Inland Marine and Transportation insurance which falls within the Class 3, Clause (d) of Section 4 of said Illinois Insurance Code (Ill. Rev. Stat. 1981, ch. 73, par. 616) and any other classes and clauses incidental or supplemental thereto.

"Form" as used in Rule means any document to be issued or delivered in the State of Illinois constituting in substance a policy, contract, certificate of insurance, endorsement, rider, application or other matter incorporated therein by reference.

"Form" may also include any manner of advertising and sales promotion material, regardless of the media involved.

(Source: Amended at 5 Ill. Reg. 6441, effective June 8, 1981)

2302.40 Procedure

a) Forms:

Nothing herein shall prohibit the Director from requiring, by Rule, the filing of any Group Inland Marine forms not included in Section 2302.20 of this Part.

- 1) Each company shall file with and secure approval from the Director of Insurance of each form, required to be filed and approved, pursuant to Section 400.1 of the Illinois Insurance Code, before it is issued or delivered in the State of Illinois. Advertising and sales promotion material shall be filed upon a request from the Director.
- 2) Each form filing shall include:
 - A) a letter of submission in duplicate,
 - B) the form in duplicate:
 - i) in final printed form,
 - ii) showing form number and edition date in the lower, left-hand corner of the front of the form,
 - iii) printed in not less than eight-point type,
 - iv) with spacing between printed lines of not less than one-point leading,
 - v) bearing a descriptive title,
 - vi) showing at the beginning of the form; the name of the insurer, the location of the home office thereof, a stock, mutual, reciprocal, Lloyds, alien insurer, or an insurer operating under a charter by Special Act of the Legislature of any state.
- 3) Form filing requirements can be met by:
 - A) A company making a direct filing on its own behalf; or

- B) A company making a reference filing utilizing an Advisory Organizations material filed; or
 - C) A company authorizing and Advisory Organization, of which It is a member or subscriber, to make the filing on the company's behalf.
- 4) A company making a reference filing under Section 2302.40 (a)(3)(B) above must file a completed form RF4, in duplicate (see exhibit attach to this Rule).
- 5) A company authorizing an Advisory Organization to file on the company's behalf, under Section 2302.40 (a)(3)(c) above, must have on file a forms authorization letter, in duplicate, which includes:
- A) The name of their authorized Advisory Organization,
 - B) The kinds of insurance for which the filing is being made,
 - C) Authorization clause or language,
 - D) Effective date of authorization.
- 6) All filings must be accompanied by a forms submission letter, in duplicate, including:
- A) The names involved - Company, Advisory Organization.
 - B) Title, form number and edition identification of the forms.
 - C) Identification of all applicable endorsements, applications and policy forms with which the material being filed will be used.
 - D) Notification as to whether the filing is new or supersedes a present filing. Identification of all changes in any superseded filing(s) as well as identification of all superseded forms is required. Identification of superseded forms shall include:
 - i) Title,
 - ii) Form number,
 - iii) Edition date,
 - iv) Date shown on Department filing stamp.
 - E) Proposed effective date of use,
 - F) Companies under the same ownership or general management are required to make separate individual Company filings for each company wishing to use the material. Companies may not file collectively as a group.
 - G) Typed or printer's proof of oopies may be submitted for review but will not be accepted for filing. Only printed forms will be accepted for filing. Statements, provisions or endorsements may not be superimposed, in any manner, on any form.
- 7) No form will be approved until the rates, rules and minimum premiums, for use therewith, have been accepted for filing.

8) Disclosure:

A)

- i) All Group Inland Marine insurance applications and certificates shall contain, in a type size and ink color to make it predominant, the following;

WARNING

PURCHASING THIS COVERAGE MAY VOID OR LIMIT OTHER INSURANCE SUCH AS A HOMEOWNERS POLICY OR FIRE POLICY COVERING YOUR CONTENTS. PLEASE READ ANY SUCH POLICIES YOU HAVE.

- ii) On applications, the above described warning shall appear immediately above the space provided for the applicant's signature.

- B) Upon prior approval of the Director of Insurance, the above warning may be modified if done so with substantially similar wording to convey the intent and purpose of the warning.

9) Certificates:

Each certificate shall:

- A) Show the name and address of the master policyholder and the certificate holder.
- B) Provide that loss payments shall be made to all insureds as their interest may appear at the time of loss for property pledged as collateral for loans.
- C) Provide for repair or replacement of the damaged property, or in the event of a cash settlement, provide that payment shall be made to the creditor to reduce or extinguish the unpaid indebtedness with any excess payable to the purchaser when insuring property purchased or sold under the terms of any open end charge account or closed end installment sales contract.
- D) Have a description of the insured property;
 - i) All insured items shall have a specific description and shall have a specific amount of coverage shown for each item unless records are maintained and are available to determine every item insured and the amount of insurance applicable thereto. When insurance is provided on a replacement cost basis, a specific amount of insurance is not required. These records shall also be maintained in sufficient detail and in a form readily available to the Director of Insurance or his designee in order to

verify every item insured and the amount of insurance applicable thereto.

- ii) Items pledged as collateral for loans, not related to the purchase or sale of said items, may be collectively rather than specifically described and one amount of coverage may be shown for the entire collateral.

E) Contain the following provisions of the master policy:

- i) Perils insured against.
- ii) Cancellation provisions.
- iii) All provisions applicable to claims.

F) Contain wording advising that it is necessary to refer to the master policy for the entire contract wording and state where, in the State of Illinois, such master policy may be seen.

G) Contain the provisions set forth in Section 2302.40(c) of this Part.

- 10) Each master policy or a certified duplicate thereof shall be maintained within the State of Illinois and shall be available for inspection, during usual business hours, by any holder of a certificate issued under such master policy.

b) Rates:

- 1) Each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.
- 2) All filings must be accompanied by:
 - A) a letter of submission, in duplicate,
 - B) the subject rates and rules, in duplicate, showing the company name and identifying the forms to which they will apply,
 - C) a proposed effective date,
 - D) notification as to whether the filing is new or supersedes a present filing with identification of all superseded filings.
- 3) The Director of Insurance may require the filing of statistical data and any other pertinent information necessary to determine the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, rates, forms or any combination thereof. All rates and minimum premiums shall be based upon sound actuarial principles. Rates shall not be inadequate, excessive or unfairly discriminatory.

- 4) Companies under the same ownership or general management shall make separate individual filings for each company wishing to use such material. Companies shall not file collectively as a group.

5) Minimum Premiums:

- A) may be established for use with master policies.
- B) shall not be used for premiums charged on certificates of insurance. Certificate holders may not be charged a premium that is greater than the premium developed by multiplying the rate times the amount of coverage provided for said certificate holder.

c) Coverage Acceptance or Rejection By Insured Certificate Holder:

- 1) Such insureds shall be allowed fifteen (15) days after receiving a certificate of insurance to determine if the coverage is to remain in effect or is to be cancelled without any premium being earned.
- 2) If loss(es) occurs after the insured has signed an application for the coverage and before or during the above mentioned fifteen days and the insured has not given the insurer or the master policyholder evidence of his rejection of the coverage, such loss(es) shall be paid and the premiums shall be charged for the time coverage is in force. Making any claim during this said period of time constitutes acceptance of the coverage by the insured.
- 3) If, during the fifteen days following the insureds receipt of the certificate of insurance, the insured chooses to reject the subject coverage and no loss has been claimed by said insured, the coverage shall be cancelled as of its effective date and without any premium being charged. Any premium which may have been paid shall, in the event of such rejection, be returned to the insured. Thereafter, no claims may be made under the subject coverage.
- 4) Computation of earned premium for cancellation, other than as described above, by insured certificate holder, may be on a short-rate basis. Such short-rate change shall not be more than ten percent (10%) in excess of the earned premium computed on a prorata basis.
- 5) When coverage is revised or cancelled and rewritten, earned premium shall be computed on a pro-rata basis. Coverage shall continue without interruption and the revised or rewritten coverage shall be charged rates not to exceed those charged prior to the revision or rewriting.

d) Insurable Items and Determination of Amounts of Coverage:

1) The amounts of insurance provided applicable to items pledged as collateral for loans or purchased or sold under the terms of any closed end transaction shall be exclusive of:

- A) insurance premiums,
- B) interest, carrying or finance charges;
- C) service charges,
- D) warranty charges,
- E) other charges added to the net price of the items.

2) The item(s) to be insured shall only be tangible property.

e) Revolving Charge Accounts.

The company shall maintain sufficient records to provide satisfactory evidence for the Director of Insurance or his designee to determine that for each group policy written the average amount of insurance for the debtor of each group is at least equal to or greater than the value of tangible property insured for such debtors.

(Source: Amended at 5 Ill. Reg. 6441, effective June 8, 1981)

2302.50 Severability Provision

If any Section or portion of a Section of this Rule, or the applicability thereof to any person or circumstances is held invalid by a court, the remainder of the Rule or the applicability of such provision or circumstances, shall not be affected thereby.

2302.60 Effective Date

This Rule shall become effective July 1, 1976.

Section 2302. EXHIBIT A Illinois Departmental Regulations

DateTo the Director of Insurance
State of IllinoisAUTHORIZATION TO ACCEPT REFERENCE FILINGS OF INLAND MARINE INSURANCE
FORMS

The undersigned Company hereby requests that it shall be deemed to have independently submitted as its own filing the forms filed by

(Advisory Organization)

and as changed in its own filing any future change in forms filed by said Advisory Organization and approved for use in the State of Illinois, such change to become effective for this Company upon the same date as it becomes effective for said Advisory Organization's members and subscribers, unless otherwise stipulated by this Company.

This request and direction shall become effective as of the date listed below and shall remain in force until rescinded.

Effective Date

Exceptions, if any:

Company

Official

Title

OCT 18 1982

SOS - RULES DIV.